



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

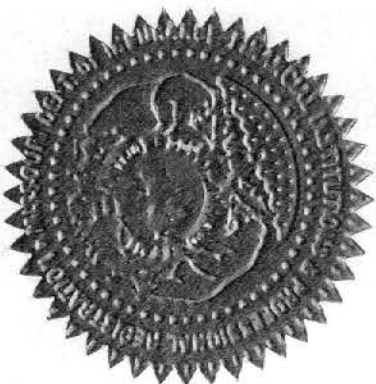
RE: Examination Report of HealthLink HMO, Inc. as of December 31, 2007

ORDER

After full consideration and review of the report of the financial examination of HealthLink HMO, Inc. for the period ended December 31, 2007, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, the findings and conclusions of the examination report are incorporated by reference and deemed to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo.

Based on such findings and conclusions, I hereby ORDER HealthLink HMO, Inc., to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with, each item mentioned in the General Comments and/or Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this March 11, 2009.



John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration

REPORT OF
FINANCIAL EXAMINATION

HEALTHLINK HMO, INC.

As Of
December 31, 2007

FILED
MAR 21 2009
DIRECTOR OF INSURANCE
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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February 2, 2009
St. Louis, Missouri

Honorable Alfred W. Gross, Commissioner
State Corporation Commission
Bureau of Insurance
Commonwealth of Virginia
Chair of the NAIC Financial Condition (E) Committee

Honorable Merle Scheiber, Director
South Dakota Division of Insurance
Secretary of the Midwestern Zone, NAIC

Honorable Kip Stetzler, Acting Director
Missouri Department of Insurance, Financial Institutions
and Professional Registration
301 West High Street, Room 530
Jefferson City, MO 65101

Dear Gentlemen:

In accordance with your financial examination warrant, a comprehensive financial examination has been made of the records, affairs and financial condition of

HEALTHLINK HMO, INC.

hereinafter referred to as such or as the "Company." The Company's statutory home office is located at 12443 Olive Boulevard, St. Louis, Missouri 63141, telephone number (314) 923-4444. This examination began on October 14, 2008 and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The last full scope association financial examination of the Company was made as of December 31, 2004 by examiners from the state of Missouri representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC) with no other zones participating.

The current full scope association financial examination covers the period from January 1, 2005 through December 31, 2007 and was conducted by examiners from the state of Missouri representing the Midwestern Zone of the NAIC with no other zones participating.

This examination also included material transactions or events occurring subsequent to December 31, 2007.

PRIOR EXAMINATION COMMENTS

Listed below are the comments taken from the prior examination report as of December 31, 2004. The Company's responses and the item's current status are also indicated.

Comment: Corporate Records-Bylaws

"The board of directors resolved at its February 2003 meeting to amend the Bylaws to change their Annual Board of Directors Meeting from May to December. The Company should update its Bylaws to reflect this amendment."

Company response:

"The Company agrees with the recommendation above. The Company will be amending its Bylaws to change their Annual Board of Directors Meetings from May to December annually. In addition, any future acts resolved by the Board of Directors will be properly reflected, as necessary, in the Company's Bylaws on a timely basis."

Current findings:

The Company's Amended and Restated Bylaws changed the meeting date from May to December.

Comment: Corporate Records-Minutes

"The minutes provided by the Company did not sufficiently document significant corporate events. The Company is directed to ensure that appropriate action is taken to address this weakness both in documenting the approval of these prior acts and ensuring future acts are approved by the board of directors/shareholder as required in the Company's own governing documents."

Company response:

"The Company agrees with the recommendation above. The Company will ensure that documentation of the approval of the items noted in examination are (sic) approved by the board of directors/shareholders. In addition all future acts requiring board of directors/shareholders (approval) will be obtained and documented by Corporate Legal department in accordance with the Company's governing documents."

Current findings:

Significant corporate events were generally documented. However, the current exam revealed various oversights in the minutes. The Company is directed to exercise care in the preparation of the minutes to ensure their correctness.

Comment: Annual Statement Schedule Y-Part 2

"The Company failed to include approximately \$11 million of ASO revenue received from HealthLink, Inc. in the 2004 Annual Statement, Schedule Y - Part 2 (Transactions with Affiliates) and in the Form B Holding Company Registration Statement Supplement. The Company should report all revenues/expenditures for services provided or purchased

by the insurer from other affiliates under management agreements, service contracts, etc. in Schedule Y - Part 2, Column 8 and the Form B Supplement in future filings."

Company response:

"The Company agrees with the recommendation above. The Company has reviewed its process for compiling information reported on Schedule Y-Part 2 and the Form B supplement. As a result certain changes were made to the process to ensure that all transactions required to be included in these filings are made on all future filings."

Current findings:

The Company properly included ASO revenue on Schedule Y-Part 2 for 2005 and 2006. The Company neglected to include the ASO revenue on Schedule Y-Part 2 for 2007.

HISTORY

General

HealthLink HMO, Inc. was incorporated July 29, 1992 in the state of Missouri. The Company received its Certificate of Authority to operate as a Health Maintenance Organization (HMO) under Sections 354.400 to 354.550 RSMo (Health maintenance organizations) on January 14, 1993. The Company was granted a Certificate of Authority in Illinois on December 21, 1994, and in Arkansas effective December 10, 1998. The Company operates as an Individual Practice Association form of health plan and is licensed to do business in Missouri, Illinois and Arkansas.

Prior to May 31, 1996, the Company was co-owned equally by TriLink Healthcare, Inc., (a wholly owned subsidiary of Blue Cross Blue Shield of Kansas City) and HealthLink, Inc. (a wholly owned subsidiary of RightCHOICE Managed Care, Inc.) The Board of Directors consisted of an equal number of representatives of RightCHOICE Managed Care, Inc., and of Blue Cross Blue Shield of Kansas City. On May 31, 1996, HealthLink, Inc. purchased from TriLink Healthcare, Inc. that company's share of HealthLink HMO, Inc., making the Company a wholly owned subsidiary of HealthLink, Inc.

Capital Stock

The Company has the authority to issue 300 shares of Common Stock with a par value of \$100 per share. Ten shares were issued and outstanding at December 31, 2007, for a balance of \$1,000 in the Company's capital stock account. HealthLink, Inc. owns all ten shares.

Gross paid in and contributed surplus totaled \$2,499,000 at December 31, 2007. No additions or withdrawals to paid in and contributed surplus were made during the period under examination.

Dividends

The Company has declared and paid dividends to shareholders during the current examination period as follows:

<u>Year</u>	<u>Paid</u>
2005	\$ 20,000,000
2006	-
2007	<u>12,000,000</u>
Total	<u>\$ 32,000,000</u>

Surplus Debentures

None.

Management

The Board of Directors, consisting of three members, manages the Company's affairs. Directors serving at December 31, 2007 were as follows.

<u>Director</u>	<u>Affiliation</u>
Wayne DeVeydt Indianapolis, IN	Chief Financial Officer WellPoint, Inc.
Dennis Casey Indianapolis, IN	President HealthLink HMO, Inc.
John Cannon III Indianapolis, IN	Executive Vice President and Counsel WellPoint, Inc.

Officers appointed and serving as of December 31, 2007 were as follows:

<u>Name</u>	<u>Office</u>
Dennis Casey	President
Nancy Purcell	Secretary
Robert Kretschmer	Treasurer
David Henley	Assistant Secretary

Conflict of Interest

The Company has a corporate policy requiring conflict of interest disclosure statements to be executed annually by all board members and officers. A review of the conflict of interest disclosure statements indicated no material conflicts for the period under examination.

Corporate Records

The Articles of Incorporation and the Bylaws were reviewed. The Company amended and restated its Articles of Incorporations and its Bylaws in 2006. The amended Articles of Incorporation fixed the number of members on the board of directors at three. The

amended Bylaws changed the time of the annual shareholder meeting to December. The amended and restated Bylaws were submitted to the Missouri Department of Insurance, Financial Institutions and Professional Registration ("Department"). The restated Articles of Incorporation were not submitted to the Department. The Company should submit its restated Articles of Incorporation to the Department in accordance with RSMo 375.226 (Restatement of charter, articles of incorporation or association, or declaration of organization, how made).

The minutes of the meetings of the shareholder and of the board of directors were reviewed for the period under examination. The minutes appeared to properly document significant corporate events. However, the current examination also revealed various oversights in the minutes: a missing signature (Ott) on the January 10, 2006 unanimous written consent; no documentation supporting Director Field's original appointment; no documentation supporting Director Ott's resignation; a director (Field) signing the unanimous written consent on November 30, 2006 after his apparent replacement in June 2006. The Company is directed to exercise care in the preparation of the minutes to ensure their completeness and correctness.

Acquisitions, Mergers and Major Corporate Events

None.

AFFILIATED COMPANIES

Holding Company, Subsidiaries and Affiliates

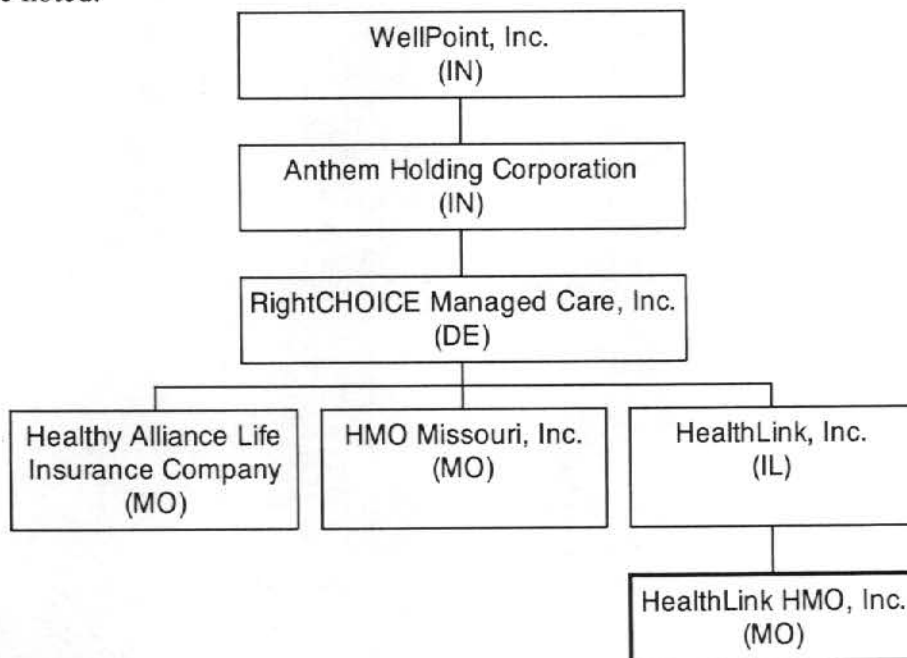
The Company is a member of an insurance holding company system as defined by Section 382.010 RSMo (Definitions), with WellPoint, Inc. designated as the ultimate controlling entity in the insurance holding company system. WellPoint, Inc. is a publicly held corporation headquartered in Indianapolis, Indiana. The common stock of WellPoint, Inc. is traded on the New York stock exchange under the symbol WLP. No one party owns 10% or more of the voting securities of WellPoint, Inc.

WellPoint, Inc. was formed on November 30, 2004, by a merger between WellPoint Health Networks Inc. and Anthem, Inc. The merger (a \$16.5 billion transaction) created the nation's largest health insurer. WellPoint Inc. serves approximately 35 million medical members through its Blue Cross or Blue Cross and Blue Shield operations in 14 states, and its non-Blue branded operations in other states. The company has approximately 42,000 employees nationwide.

The Company's previous ultimate controlling entity was RightCHOICE Managed Care, Inc. (RightCHOICE). In January 2002, RightCHOICE completed a merger with WellPoint Health Networks Inc. and RWP Acquisition Corporation (a wholly owned subsidiary of WellPoint Health Networks Inc.). According to the terms of the merger, RightCHOICE and RWP Acquisition Corporation were merged with RightCHOICE as the surviving entity. The Department approved the acquisition by WellPoint Health Networks, Inc. on January 16, 2002, making WellPoint Health Networks, Inc. the Company's ultimate controlling entity.

Organizational Chart

The following is a portion of the entire WellPoint, Inc. organizational chart. Only companies directly related to HealthLink HMO, Inc., other Missouri domestic insurers, and companies with which HealthLink HMO, Inc. has direct management or reinsurance contracts are included. All companies are 100% owned by their immediate parent unless otherwise noted.



Affiliated Transactions

HealthLink HMO, Inc. is a party to the following agreements with affiliates. All agreements noted below, that originated during or subsequent to the examination period, were reviewed and approved by the Department.

The Company failed to include ASO revenue from affiliates on the 2007 Schedule Y-Part 2. The Company is advised to include ASO revenue from affiliates on Schedule Y-Part 2 in accordance with NAIC Annual Statement Instructions.

Master Service Agreement and Addendum

The Company is a party to a Master Service Agreement among WellPoint and its direct and indirect subsidiaries. The companies provide administrative, consulting and other services to each other. The receiving company pays the providing company reasonable compensation. WellPoint and the companies either trace the service costs directly to the end-user or they utilize an allocation methodology. The amended and restated agreement, retroactively effective January 1, 2006, was submitted to the Department and was non-disapproved on April 5, 2006.

Tax Sharing Agreement

The Company entered into a tax sharing agreement with eligible WellPoint, Inc. subsidiaries effective December 31, 2005. The Department non-disapproved the agreement on September 19, 2006. The RightCHOICE Managed Care, Inc. subsidiaries

participate in the filing of a consolidated federal income tax return with WellPoint, Inc. and its other subsidiaries. The consolidated tax liability allocated to the companies is limited to their separate tax return tax liability. Companies are reimbursed for any deductions, net operating losses and credits used by the consolidated group. Estimated tax payments and settlements are made through the intercompany accounts of subsidiaries.

FIDELITY BOND AND OTHER INSURANCE

The Company is a named insured on a \$20,000,000 financial institution bond issued to its ultimate parent, WellPoint, Inc. The amount of coverage meets the suggested minimum amount recommended by the NAIC. The coverage also meets the requirement of RSMo 354.425 (Bonding of officers who disburse or invest funds) which stipulates a minimum bond amount of \$100,000.

The Company is also a named insured on policies issued to WellPoint, Inc. for the following types of coverage: directors and officers liability; managed care professional liability; commercial property; general liability; auto liability; fiduciary liability; umbrella liability; workers compensation and employers liability and computer crime. The Company's coverage appears to be adequate.

EMPLOYEE BENEFITS

The Company has no employees. Services are provided by affiliates under an administrative services agreement described under "Affiliated Transactions." WellPoint, Inc. employees are provided benefits including group health, vision and dental coverage, group life insurance, short- and long-term disability, a 401(k) plan, vacation and sick leave, an employee assistance plan and tuition reimbursement. Employee benefits costs are included in intercompany charges from affiliates.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri Department of Insurance, Financial Institutions and Professional Registration as of December 31, 2007, reflected below, were sufficient in par and market value to meet the deposit requirement for the state of Missouri in accordance with Section 354.410 RSMo (Certificate issued, when—annual deposit required).

<u>Security</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Fair Value</u>
US Treasury Notes	<u>\$ 432,000</u>	<u>\$ 431,942</u>	<u>\$ 434,091</u>

Deposits with Other States

The Company also has funds on deposit with other states in which it is licensed to satisfy their statutory deposit requirements. Those funds, as of December 31, 2007, were as follows:

<u>State</u>	<u>Security</u>	<u>Par Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Arkansas	FHLB	\$ 440,000	\$ 439,992	\$ 440,431
Illinois	FHLB	320,000	319,994	320,314
Totals		<u>\$ 760,000</u>	<u>\$ 759,986</u>	<u>\$ 760,745</u>

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operation

General

HealthLink HMO, Inc. is an Individual Practice Association Model health maintenance organization licensed with the Department under Chapter 354 RSMo (Health service corporations, health maintenance organizations and prepaid dental plans). The Company also has an active license to operate as a third party administrator in the state of Missouri. The Company markets its network rental and administrative services directly to self-insured groups and to national insurance carriers (Payors). Payors are responsible for marketing the Company's products to their existing and prospective clients, and for assuming all underwriting risk.

The Company's services are offered in 61 counties in Missouri, 51 counties in Illinois and 15 counties in Arkansas to 1,126 members of self-funded health plans for whom HealthLink HMO, Inc provides claims adjudication and administrative services as well as access to its network of participating providers. In addition, HealthLink HMO, Inc. administers claims and provides open access networks to 45,987 members who are enrolled in HealthLink Open Access III for self-funded plans sponsored by the State of Illinois. The Company's network has contractual arrangements with approximately 20,000 physicians, specialists and allied health professionals.

Marketing

The Company services the following products:

HealthLink HMO Classic

An HMO product with a gatekeeper (a primary care physician who refers the patient to a specialist if necessary). Elective treatments by out-of-network physicians or facilities are not covered. This product includes full claim adjudication and payment services.

HealthLink POS Classic

A gatekeeper model plan which allows members to seek services outside of the network with higher out-of-pocket costs. This product includes full claim adjudication and payment services.

HealthLink Open Access III

Plan participants are not required to choose a Primary Care Physician. Members may self-refer to any physician in the HMO or PPO networks in the service area. The program offers three levels of benefits. The highest is for those members who stay within the HMO network. The second, lower level of benefits is available to those who use the PPO network. The third and lowest benefits are available to those who choose out-of-network physicians and facilities. This product includes claim re-pricing but does not include claims adjudication or payment services.

Provider Contracts

HealthLink HMO, Inc. had the following provider agreements in place at December 31, 2007, which had been submitted to the Department:

- HealthLink Participating Network Agreement
- HealthLink Participating Hospital Agreement
- HealthLink Participating Physician Agreement
- HealthLink Participating Provider Agreement (Individual)
- HealthLink Participating Provider Agreement (Group)
- HealthLink Participating Group Agreement

Rates

The Company does not charge premiums on the majority of its business. Network access fees are charged to the direct pay self-funded groups based on the Company's administrative costs. On August 1, 2006 HealthLink HMO, Inc. eliminated its Primary Care Physician (PCP) capitation arrangement and adopted a discounted fee-for-service reimbursement methodology for contracted PCP and behavioral health providers. Prior to that date, capitation costs were actuarially determined based on age and gender of the member.

Grievance Procedures; Quality Assurance, Utilization Review and Provider Credentialing

The Missouri Department of Insurance has a Market Conduct staff that performs a review of these issues and generates a separate Market Conduct report. The most recent Missouri Market Conduct examination was completed on April 7, 2003. That examination disclosed several non-compliance issues subject to penalty, none of which had a material effect on the financial condition of the Company.

REINSURANCE

General

Premiums reported during the examination period were as follows:

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Direct premiums written	\$ 2,350,370	\$ 1,684,020	\$ 376,324
Reinsurance ceded	-	-	(30,705)
Net premiums written	<u>\$ 2,350,370</u>	<u>\$ 1,684,020</u>	<u>\$ 345,619</u>

Ceded

The Company entered into an agreement with UniCare Life and Health Insurance Company (Indiana), an affiliate, effective October 1, 2007. Under the agreement, UniCare Life and Health Insurance Company assumes all underwriting risk for medically necessary covered services except capitated services. No new business is currently being written under this contract.

Section 354.405.5 RSMo (Certificate of authority, who may make application--...) requires health maintenance organizations to file all reinsurance contracts with the Department. The Company failed to file its reinsurance agreement with Unicare Life and Health Insurance Company with the Department. The Company is directed to file the agreement with the Department. Going forward, the Company should ensure that all reinsurance agreements are filed with the Department in accordance with Section 354.405.5 RSMo.

ACCOUNTS AND RECORDS**Independent Auditor**

The Company's financial statements are audited annually by Ernst & Young, LLP. The 2007 audit work papers were reviewed and included in the examination to the extent deemed appropriate.

Actuary

Claims related reserves and other actuarial items are reviewed and certified by Tim P. Deno, FSA, MAAA, Vice-President and Corporate Valuation Actuary for WellPoint, Inc.

Information Systems

In conjunction with this examination, Andrew Balas, Information Systems Financial Examiner with the Department, conducted a review of the Company's information systems. No material exceptions were noted.

ASO Revenue

The Company reports ASO revenue as a write-in on the Statement of Revenue and Expenses based upon guidance received from the Department. This treatment does not accord with SSAP 47, Uninsured Plans, which stipulates that such fees should be deducted from general administrative expenses. Prospectively, the Company should deduct ASO revenue from general administrative expenses in accordance with SSAP 47.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2007 and the results of operations for the year then ended. Any examination adjustments to the amounts reported in the annual statement or comments regarding such are made in the "Notes to the Financial Statements," which follow the Financial Statements. The failure of any column to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination which are not shown in the "Notes to the Financial Statements." These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual annual statement item.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 19,921,630	\$ -	\$ 19,921,630
Cash and short-term investments	4,582,721	-	4,582,721
Investment income due and accrued	65,408	-	65,408
Amounts receivable relating to uninsured plans	67,546	10,842	56,705
Net deferred tax asset	33,078	14,124	18,954
Receivables from parent, subsidiaries and affiliates	806,796	-	806,796
Health care and other amounts receivable	4,050	3,690	360
Provider admin fee receivable	291,273	81,910	209,362
AR other income	755	-	755
Totals	<u>\$ 25,773,257</u>	<u>\$ 110,566</u>	<u>\$ 25,662,691</u>

LIABILITIES, CAPITAL AND SURPLUS

General expenses due or accrued	\$ 10,531
Current federal and foreign income tax payable	519,529
Amounts due to parent, subsidiaries and affiliates	56,769
Liability for amounts held under uninsured plans	90,413
Other payables	<u>21,866</u>
Total liabilities	\$ 699,108
Common capital stock	\$ 1,000
Gross paid in and contributed surplus	2,499,000
Unassigned funds (surplus)	<u>22,463,584</u>
Total capital and surplus	\$ 24,963,584
Total liabilities, capital and surplus	<u>\$ 25,662,692</u>

INCOME STATEMENT

Net premium income	\$ 345,619
Provider admin fees	335,847
ASO revenue	<u>18,125,826</u>
Total revenues	18,807,292
Hospital/medical benefits	(320,899)
Other professional services	47,717
Prescription drugs	1,439,620
Net reinsurance recoveries	(21,992)
Claims adjustment expenses	2,173
General administrative expenses	<u>1,074,332</u>
Total underwriting deductions	2,220,951
Net underwriting gain	16,586,341
Net investment income earned	1,454,215
Federal and foreign income taxes incurred	<u>6,111,185</u>
Net income	<u><u>\$ 11,929,371</u></u>

CAPITAL AND SURPLUS

Capital and surplus, December 31, prior year	\$ 24,586,556
Net income	11,929,371
Change in net deferred income tax	(654,170)
Change in nonadmitted assets	1,101,826
Dividends to stockholders	<u>(12,000,000)</u>
Net change in capital and surplus	377,027
Capital and surplus, December 31, current year	<u><u>\$ 24,963,584</u></u>

NOTES TO FINANCIAL STATEMENTS

None.

EXAMINATION CHANGES

None.

GENERAL COMMENTS OR RECOMMENDATIONS

Corporate Records: Restated Articles of Incorporation

Page 4

The Company did not submit its restated Articles of Incorporation to the Department in accordance with RSMo 375.226 (Restatement of charter, articles of incorporation or association, or declaration of organization, how made). The Company is directed to submit its restated Articles of Incorporation to the Department for approval in accordance with the cited statute.

Corporate Records: Meeting Minutes

Page 4

The current exam revealed various oversights in the minutes: a missing signature (Ott) on the January 10, 2006 unanimous written consent; no documentation supporting Director Field's original appointment; no documentation supporting Director Ott's resignation; a director (Field) signing the unanimous written consent on November 30, 2006 after his apparent replacement in June 2006. The Company is directed to exercise care in the preparation of the minutes to ensure their completeness and correctness.

Affiliated Transactions: Schedule Y Reporting

Page 6

The Company failed to include ASO revenue from affiliates on the 2007 Schedule Y-Part 2. The Company is advised to include ASO revenue from affiliates on Schedule Y-Part 2 in accordance with NAIC Annual Statement Instructions.

Reinsurance: Filing of Agreement

Page 10

The Company failed to file its reinsurance agreement with Unicare Life and Health Insurance Company with the Department as required by Section 354.405.5 RSMo. (Certificate of authority, who may make application--...). The Company is directed to file the agreement with the Department. Going forward, the Company should ensure that all reinsurance agreements are filed with the Department.

Accounts and Records: ASO Revenue

Page 10

The Company reports ASO revenue as a write-in on the Statement of Revenue and Expenses based upon guidance received from the Department. Prospectively, the Company should deduct ASO revenue from general administrative expenses in accordance with SSAP 47, Uninsured Plans.

SUBSEQUENT EVENTS

On September 4, 2008, the Department approved the payment of a \$12 million extraordinary dividend to the Company's parent, HealthLink, Inc. on or before September 29, 2008. The Company paid the dividend on September 16, 2008.

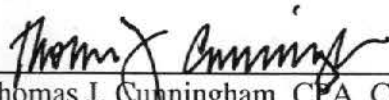
ACKNOWLEDGEMENT

The assistance and cooperation extended by HealthLink HMO, Inc. during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Arthur Palmer, CFE, Amy Snyder and Andrew T. Balas, CPA, CFE, AES, examiners for the Department of Insurance, Financial Institutions and Professional Registration participated in this examination.

VERIFICATION

State of Missouri)
) ss
County of St. Louis)

I, Thomas J. Cunningham, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.


Thomas J. Cunningham, CPA, CFE
Examiner-in-Charge
DIFP/Insurance

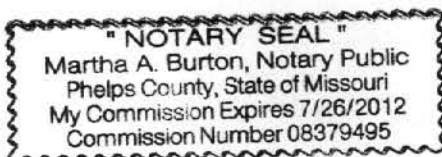
Sworn to and subscribed before me this 2 day of February 2009.
My commission expires:


7/26/2012


Notary Public

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting work papers have been reviewed and approved. Compliance with the National Association of Insurance Commissioners procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.




Michael Shadowens, CFE
Audit Manager
DIFP/Insurance

Anthem Blue Cross and Blue Shield
6775 W. Washington Street
Milwaukee, WI 53214
www.anthem.com



March 6, 2009

Mr. Frederick G. Heese, CPA, CFE
Chief Financial Examiner and Acting Division Director
Department of Insurance
Harry S. Truman State Office Building
301 West High Street, Room 530
Jefferson City, Missouri 65101

VIA UNITED PARCEL SERVICE

Re: HealthLink HMO, Inc.
Financial Examination Report Dated February 2, 2009

RECEIVED
MAR 09 2009
DEPT OF INSURANCE
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

Dear Mr. Heese:

Please find enclosed the responses for HealthLink HMO, Inc. (the Company) to the recommendations made by your office with respect to the financial examination report for the year ended December 31, 2007.

We have reviewed the report and accept the report as is, including the recommendations on page 15 of the report. We wish to have our responses included in the report as a public document.

Please contact me at 414-459-6833 or at brenda.buss@bcbswi.com if you have any questions.

Sincerely,

Brenda J. Buss

Brenda J. Buss
Director, Regulatory Reporting
Anthem Blue Cross and Blue Shield
Phone: 414-459-6833
Fax: 414-459-5689

Enclosure

CC: Jim Kallas
Ron Penczek
David Henley

Dennis Casey
Jimmy Lee
Anne Honisch

Mary Ellen Detrick

HealthLink HMO, Inc.

Examination Report as of December 31, 2007
Responses to Recommendations

1. **Corporate Records: Restated Articles of Incorporation**-The Company did not submit its related Articles of Incorporation to the Department in accordance with RSMo 375.226 (Restatement of charter, articles of incorporation or association, or declaration of organization, how made). The Company is directed to submit its restated Articles of Incorporation to the Department for approval in accordance with the cited statute.

Response: The Company agrees with the recommendation above. The Company will submit its restated Articles of Incorporation to the Department for approval in accordance with RSMo 375.226.

2. **Corporate Records: Meeting minutes**-The current exam revealed oversights in the minutes; a missing signature (Ott) on the January 10, 2006 unanimous written consent; no documentation supporting Director Field's original appointment; no documentation supporting Director Ott's resignation; a director (Field) signing the unanimous written consent on November 30, 2006 after his apparent replacement in June 2006. The Company is directed to exercise care in preparation of the minutes to ensure their completeness and correctness.

Response: The Company agrees with the recommendation. The Company will exercise the utmost care in the preparation and accuracy of its minutes.

3. **Affiliated Transactions: Schedule Y Reporting**-The Company failed to include ASO revenue from affiliates on the 2007 Schedule Y-Part 2. The Company is advised to include ASO revenue from affiliates on Schedule Y-Part 2 in accordance with NAIC Annual Statement Instructions.

Response: The Company agrees with the recommendation above. The Company has reviewed its process for compiling information to be reported on Schedule Y Part 2. As a result, certain changes were made to the process to include this transaction on the 2008 Annual Statement filing.

4. **Reinsurance: Filing of Agreement**- The Company failed to file its reinsurance agreement with Unicare Life and Health Insurance Company with the Department as required by Section 354.405.5 RSMo. (Certificate of authority, who may make application...). The Company is directed to file the agreement with the Department. Going forward, the Company should ensure that all reinsurance agreements are filed with the Department.

Response: The Company agrees with the recommendation above. The Company will file the reinsurance agreement with Unicare Life and Health Insurance Company as required.

5. **Accounts and Records: ASO Revenue**-The Company reports ASO revenue as a write-in on the Statement of Revenue and Expenses based upon guidance received from the Department. Prospectively, the Company should deduct ASO revenue from general administrative expenses in accordance with SSAP 47, Uninsured Plans.

Response: The Company agrees with this recommendation. The Company has deducted the ASO revenue from general administrative expenses, in accordance with SSAP 47, *Uninsured Plans*, beginning with the 2008 Annual Statement filing.